



CHICAGO TITLE COMPANY

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ATTACHMENT 3

Date: May 17, 2000

HAZEL JOHNS  
SANTA BARBARA AIRPORT  
601 FIRESTONE ROAD  
GOLETA, CA 93117

Order No.: 200604 - AM

Property:

RE: LOT 22 TRACT#20,608

In response to a request for our issuance of a Policy of Title Insurance, we enclose herewith our Preliminary Report for your review.

Should you have any questions in connection with this or any other matter concerning the above referenced order, please do not hesitate to contact our office.

Thank you for choosing Chicago Title Company.

Title Department:



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CHICAGO TITLE COMPANY

1101 ANACAPA STREET

SANTA BARBARA, CA 93101

(805)963-8661 fax: (805)564-7489

Alan A. Martin  
TITLE OFFICER



CHICAGO TITLE COMPANY

## PRELIMINARY REPORT

Dated as of: April 13, 2000

at 7:30 AM

Reference: LOT 22 TRACT#20,608

Order No.: 200604 - AM

CHICAGO TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms are available upon request.

Please read the exceptions shown or referred to in Schedule B and the exceptions and exclusions set forth in the attached list of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

The form of policy of title insurance contemplated by this report is:

ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (11/98)

Visit Us On The Web: [westerndivision.ctt.com](http://westerndivision.ctt.com)

Title Department:



CHICAGO TITLE COMPANY

1101 ANACAPA STREET

SANTA BARBARA, CA 93101

(805)963-8661 fax: (805)564-7489

Alan A. Martin  
TITLE OFFICER

## SCHEDULE A

Order No: 200604 AM

Your Ref: LOT 22 TRACT#20,608

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE

2. Title to said estate or interest at the date hereof is vested in:

City of Santa Barbara

3. The land referred to in this report is situated in the State of California, County of Santa Barbara and is described as follows:

Lot 22 of Parcel Map No. 20608 in the City of Santa Barbara, County of Santa Barbara, State of California, as shown on the map filed in Book 54, Pages 63-69 of Parcel Maps, in the Office of the County Recorder of said County.

EXCEPTING therefrom in accordance with Executive Order 9908, approved on December 5, 1947 (12 F. R. 8323), all uranium, thorium, and all other materials determined pursuant to Section 5 (b) (1) of the Atomic Energy Act of 1946 (60 Stat. 761), to be peculiarly essential to the production of fissionable materials, contained, in whatever concentration, in deposits in the lands covered by this instrument for the use of the United States, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine, and remove the same, making just compensation for any damage or injury occasioned thereby, as excepted and reserved in the Quitclaim Deed from the United States of America, recorded June 29, 1949 as Instrument No. 7950 in Book 861, Page 33, Official Records.

## SCHEDULE B

Page 1

Order No: 200604 AM

Your Ref: LOT 22 TRACT#20,608

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

- A 1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 2000 - 2001 THAT ARE A LIEN NOT YET DUE.
- L 2. SAID LAND IS SHOWN AS EXEMPT ON THE Santa Barbara COUNTY TAX ROLL FOR THE FISCAL YEAR 1999-2000.
- C 3. THE LIEN OF SUPPLEMENTAL OR ESCAPED ASSESSMENTS OF PROPERTY TAXES, IF ANY, MADE PURSUANT TO THE PROVISIONS OF PART 0.5, CHAPTER 3.5 OR PART 2, CHAPTER 3, ARTICLES 3 AND 4 RESPECTIVELY (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AS A RESULT OF THE TRANSFER OF TITLE TO THE VESTEE NAMED IN SCHEDULE A; OR AS A RESULT OF CHANGES IN OWNERSHIP OR NEW CONSTRUCTION OCCURRING PRIOR TO DATE OF POLICY.
- U 4. WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS ARE SHOWN BY THE PUBLIC RECORDS.
- D 5. COVENANTS, CONDITIONS AND RESTRICTIONS (BUT OMITTING THEREFROM ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN, IF ANY, UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS) AS SET FORTH IN THE DOCUMENT.

RECORDED: June 6, 1949 as Instrument No. 6893 in Book 857,  
Page 53, Official Records

- E 6. COVENANTS, CONDITIONS AND RESTRICTIONS (BUT OMITTING THEREFROM ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN, IF ANY, UNLESS AND ONLY TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS) AS SET FORTH IN THE DOCUMENT.

RECORDED: June 29, 1949 as Instrument No. 7950 in Book 861,  
Page 33, Official Records

- F An Instrument of Release recorded April 20, 1962 as Instrument No. 16069 in Book 1920, Page 540, Official Records.

- G An Instrument of Release recorded December 5, 1984 as Instrument No. 84-064891, Official Records

- H 7. AN UNRECORDED LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY

**SCHEDULE B**  
**(continued)**

Order No: 200604 AM

Your Ref: LOT 22 TRACT#20,608

AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS,  
CONDITIONS AND PROVISIONS SET FORTH THEREIN

LESSOR: City of Santa Barbara  
LESSEE: Davidson Development Co.  
DISCLOSED BY: Memorandum  
RECORDED: November 1, 1965 as Instrument No. 38942 in Book 2127,  
Page 298, Official Records

I THE PRESENT OWNERSHIP OF THE LEASEHOLD CREATED BY SAID LEASE AND OTHER  
MATTERS AFFECTING THE INTEREST OF THE LESSEE ARE NOT SHOWN HEREIN.

J 8. A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA DESIGNATING A  
STRIP OF LAND ALONG HOLLISTER AVENUE BETWEEN LA PATERA LANE AND THE LAS  
VEGAS-SAN PEDRO CREEK BRIDGE AS ROAD RIGHT OF WAY FOR THE HOLLISTER AVENUE  
RECONSTRUCTION PROJECT AND DEDICATING SAID STRIP FOR USE AS A PUBLIC ROAD,  
RESOLUTION NO. 6542 RECORDED DECEMBER 4, 1967 AS INSTRUMENT NO. 35208 IN  
BOOK 2213, PAGE 750, OFFICIAL RECORDS.

K 9. A LICENSE FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET  
FORTH IN A DOCUMENT

GRANTED TO: Southern California Edison Company, a corporation  
PURPOSE: Public utilities  
RECORDED: August 12, 1969 as Instrument No. 22920 in Book 2280,  
Page 1225, Official Records  
AFFECTS: A portion of said land

M 10. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS  
SHOWN OR AS OFFERED FOR DEDICATION ON THE RECORDED MAP SHOWN BELOW.

MAP OF: Parcel Map 20608  
RECORDED: In Book 54, Pages 63-69 of Maps  
EASEMENT

PURPOSE: Public utilities and drainage  
AFFECTS: Southerly 50 feet of said land

EASEMENT

PURPOSE: Storm drain purposes  
AFFECTS: Northeasterly, Easterly and Westerly portions of said  
land

EASEMENT

PURPOSE: Public street  
AFFECTS: Southeasterly and Southwesterly portions of said land

N 11. ANY RIGHTS OF THE PARTIES IN POSSESSION OF SAID LAND, BASED ON AN  
UNRECORDED LEASE, OR LEASES, AS DISCLOSED BY AN INSPECTION.  
THE COMPANY WILL REQUIRE THAT A FULL COPY OF ANY UNRECORDED LEASE BE

**SCHEDULE B**  
**(continued)**

Order No: 200604 AM

Your Ref: LOT 22 TRACT#20,608

SUBMITTED TO US, TOGETHER WITH ALL SUPPLEMENTS, ASSIGNMENTS AND AMENDMENTS,  
BEFORE ISSUING ANY POLICY OF TITLE INSURANCE.

- 0 12. ANY EASEMENTS NOT DISCLOSED BY THOSE PUBLIC RECORDS WHICH IMPART  
CONSTRUCTIVE NOTICE AND WHICH ARE NOT VISIBLE AND APPARENT FROM AN  
INSPECTION OF THE SURFACE OF SAID LAND.
- P 13. MATTERS WHICH MAY BE DISCLOSED BY AN INSPECTION OR BY A SURVEY OF SAID LAND  
THAT IS SATISFACTORY TO THIS COMPANY, OR BY INQUIRY OF THE PARTIES IN  
POSSESSION THEREOF.
- Q END OF SCHEDULE B

**SCHEDULE B**  
**(continued)**

Order No: 200604 AM

Your Ref: LOT 22 TRACT#20,608

R NOTE NO. 1: THE CHARGE FOR A POLICY OF TITLE INSURANCE, WHEN ISSUED THROUGH THIS TITLE ORDER, WILL BE BASED ON THE BASIC (NOT SHORT-TERM) TITLE INSURANCE RATE.

S NOTE NO. 2: WE WILL REQUIRE A STATEMENT OF INFORMATION FROM THE PARTIES NAMED BELOW IN ORDER TO COMPLETE THIS REPORT, BASED ON THE EFFECT OF DOCUMENTS, PROCEEDINGS, LIENS, DECREES, OR OTHER MATTERS WHICH DO NOT SPECIFICALLY DESCRIBE SAID LAND, BUT WHICH, IF ANY DO EXIST, MAY EFFECT THE TITLE OR IMPOSE LIENS OR ENCUMBRANCES THEREON.

PARTIES: ALL PARTIES

(NOTE: THE STATEMENT OF INFORMATION IS NECESSARY TO COMPLETE THE SEARCH AND EXAMINATION OF TITLE UNDER THIS ORDER. ANY TITLE SEARCH INCLUDES MATTERS THAT ARE INDEXED BY NAME ONLY, AND HAVING A COMPLETED STATEMENT OF INFORMATION ASSISTS THE COMPANY IN THE ELIMINATION OF CERTAIN MATTERS WHICH APPEAR TO INVOLVE THE PARTIES BUT IN FACT AFFECT ANOTHER PARTY WITH THE SAME OR SIMILAR NAME. BE ASSURED THAT THE STATEMENT OF INFORMATION IS ESSENTIAL AND WILL BE KEPT STRICTLY CONFIDENTIAL TO THIS FILE.)

T ks

As part of the settlement of a class action lawsuit, we are required to place this notification in all preliminary reports:

**IF YOU BOUGHT, SOLD OR REFINANCED A HOME (RESIDENTIAL REAL PROPERTY) IN CALIFORNIA BETWEEN JULY 1, 1989 AND FEBRUARY 28, 1997, PLEASE READ THE FOLLOWING:**

Pursuant to a Settlement Agreement in a class action lawsuit filed in the Superior Court for Los Angeles County, a settlement agreement has been entered into that provides persons who bought, sold or refinanced residential real property in the State of California between July 1, 1989 and February 28, 1997, with certain rights. If you are such a person and you are now engaged in an escrow transaction with Chicago Title Company, Gateway Title Company, Benefit Land Title Company or Fidelity National Title Insurance Company, you have the following rights:

If one of these companies previously handled a residential escrow transaction for you that involved residential real property in which a mortgage, promissory note, or similar debt instrument, repayment of which was secured by a duly recorded deed of trust, was fully paid, satisfied or discharged and a reconveyance of that deed of trust was executed and was delivered to one of those title companies for recording but was inadvertently not recorded, you have the right to request that a release of obligation or reconveyance be recorded in accordance with the terms of the Settlement Agreement.

To obtain this right you must:

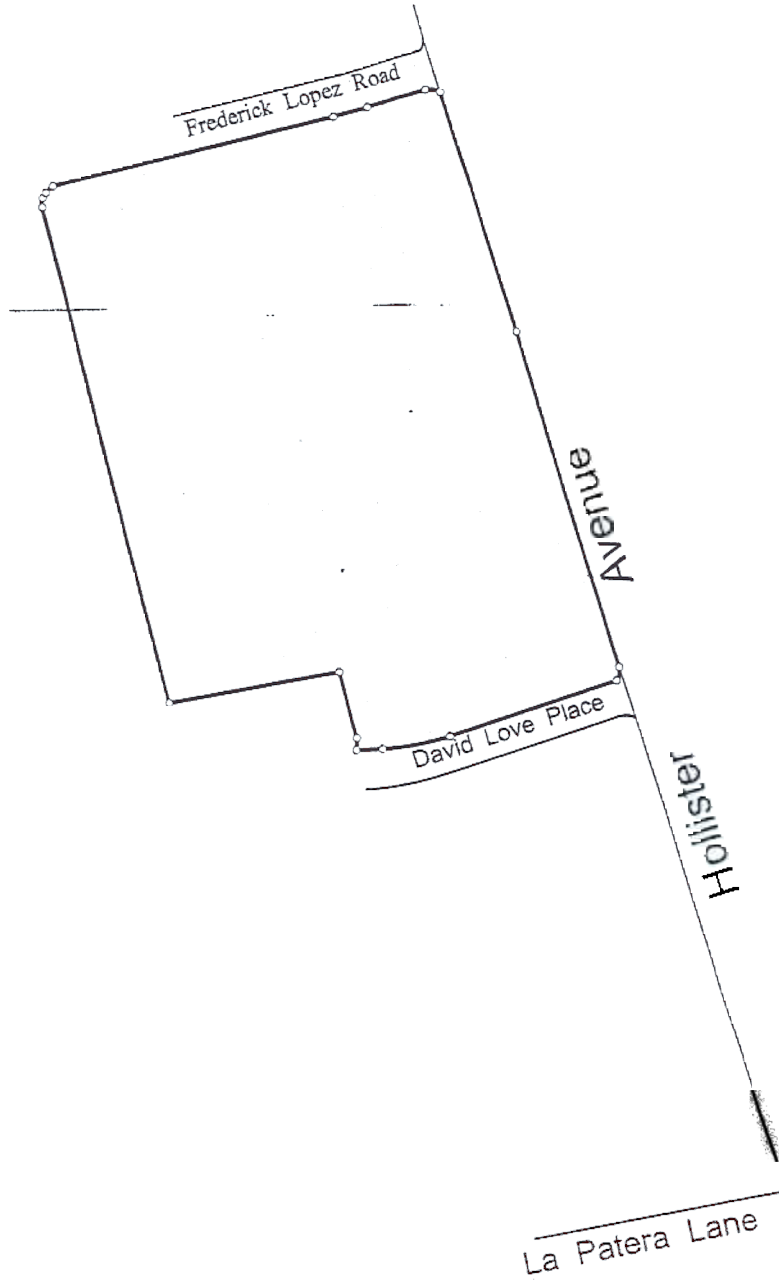
(1) Establish to the satisfaction of the title company that you actually closed an escrow between July 1, 1989 and February 28, 1997, which was handled by one of the above-listed title insurance companies, in which a mortgage, promissory note, or similar debt instrument secured by a duly recorded deed of trust was fully paid, satisfied or discharged and a reconveyance of that deed of trust was executed and was delivered for recordation to the title company that handled the prior transaction. Proof of said transaction shall be made by presenting a closing statement, preliminary report, title insurance policy or a paid escrow invoice which identifies you and the prior deed of trust; and

(2) Request in writing the recording of a reconveyance or release of obligation in the event that one inadvertently had not been previously recorded in the escrow transaction previously handled by one of the above-named title companies.





300



CHICAGO TITLE

"This plat is for your aid in locating your land with reference to streets and other parcels. While this plat is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon."

# LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

## CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990

### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
  - (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
  2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
  3. Defects, liens, encumbrances, adverse claims or other matters:
    - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
    - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
    - (c) resulting in no loss or damage to the insured claimant;
    - (d) attaching or created subsequent to Date of Policy; or
    - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or the estate or interest insured by this policy.
  4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
  5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
  6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.
- 

### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

## AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

### EXCLUSIONS

In addition to the exceptions in Schedule B, you are not insured against loss, costs, attorney's fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to the violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- a notice of exercising the right appears in the public records on the Policy Date
- the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

- that are created, allowed, or agreed to by you
- that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
- that result in no loss to you
- that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in item 3 of Schedule A, or
- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

### EXCEPTIONS FROM COVERAGE

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Someone claiming an interest in your land by reason of:

- A. Easements not shown in the public records
- B. Boundary disputes not shown in the public records
- C. Improvements owned by your neighbor placed on your land

2. If, in addition to a single family residence, your existing structure consists of one or more Additional Dwelling Units, Item 12 of Covered Title Risks does not insure you against loss, costs, attorneys' fees, and expenses resulting from:

- A. The forced removal of any Additional Dwelling Unit, or,

- B. The forced conversion of any Additional Dwelling Unit back to its original use,

if said Additional Dwelling Unit was either constructed or converted to use as a dwelling unit in violation of any law or government regulation.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE**

and

**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)  
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim or priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)**  
**and**  
**AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.